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December 18, 1995

BURTON W. OLIVER
Executive Director

Mr. J--- C---
S--- T--- R--- G---
XXXXX --- Circle, Suite XXX
---, CA XXXXX

Dear Mr. C---:

This is in reply to your letter of December 7, 1995.

Generally, California does not tax service transactions. However, we do tax certain transactions that involve labor service only. Under Revenue and Taxation Code section 6006(b), the term "sale" is defined to include the producing, fabricating, or processing of tangible personal property furnished by a consumer. Thus, "fabrication labor" is taxable in California, if done for a consumer.

Where fabrication labor is performed within California and outside California, with delivery to the purchaser taking place inside California and outside California, respectively, California sales tax applies to the California charges, not to the out-of-state charges, without regard to where payment is tendered.

Very truly yours,

Gary J. Jugum
Assistant Chief Counsel

GJJ:sr